PAVCO

SERVICE PLAN 2010/2011 to 2012/2013

BRITISH COLUMBIA
The Best Place on Earth

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Message from Board Chair to Minister Responsible

To the Minister of Tourism, Culture and the Arts:

On behalf of the Board of Directors of B.C. Pavilion Corporation (PavCo), I am pleased to present the Corporation's Service Plan for the fiscal years 2010/2011 to 2012/2013.

PavCo's core business is the marketing, sales, and management of space in its facilities - BC Place Stadium and Vancouver Convention Centre (Convention Centre) - for conventions, trade and consumer shows, sporting, and other events.

This Service Plan supports PavCo's mandate of generating economic benefits for the Province through the operation of these facilities. It also summarizes PavCo's long term goals, and describes the organization's priorities to continue its future success.

During the last fiscal year, the Expansion of the Convention Centre opened to positive accolades from media and clients, the existing Convention Centre has undergone an extensive retrofit, and BC Place has completed significant renovations. In addition to the construction activity, the facilities have managed heavy event schedules and have also been readied for the 2010 Winter Olympic and Paralympic Games as they will serve as venues for Ceremonies, celebrations, and as the Main Media Centre ("MMC") for the Games.

Change will continue through fiscal 2010/11 with BC Place closing to accommodate replacement of the air-supported roof with a new retractable, cable supported fabric structure. Where possible, clients displaced by this closure will be accommodated elsewhere. The BC Lions will hold their 2010 season in a temporary stadium to be built at the previous Empire Stadium site located on the Pacific National Exhibition (PNE) grounds. Construction of this temporary facility will complement the PNE's centennial anniversary celebrations.

The BC Place roof replacement project is unique and presents many construction challenges. Due to its complexity, a stipulated price construction agreement has been negotiated to minimize the overall risks to PavCo.

Excitement, and pent-up demand resulting from opening of the expanded Convention Centre, has resulted in the next two fiscal years being the busiest in Vancouver's history for the hosting of conventions. This is in contrast to many other North American cities which have been seriously affected by the economic downturn. As conventions are extremely lucrative for the host cities, many offer incentives to the event organizers creating increased challenges for PavCo to compete against heavily subsidized jurisdictions and facilities. During the upcoming year, PavCo will focus on booking events for 2013 and onwards, and will partner with the local tourism industry to attract these events.

Following the market downturns, it will be a challenge to persuade non-resident event planners to bring their business to Vancouver. In addition to ongoing security and border issues, the high value of the Canadian dollar vs. other currencies has made overseas clients less willing to hold out-of-country events. However, due to the extensive media coverage of PavCo's facilities during the 2010 Winter Games, and Vancouver's reputation as a safe City in a spectacular location, we believe that Vancouver has an advantage over other destinations. PavCo is committed to exceeding future booking expectations.

Throughout the closure period at BC Place, marketing staff will be working to launch the upgraded facility as the prime facility to hold spectator events and other shows. When BC Place reopens in summer 2011, it will be virtually brand new, and will be the new home for the Vancouver Whitecaps. The recent interior upgrades and pending new retractable roof will extend the life of BC Place by at least 40 years and the revitalized facility and future development of the surrounding lands will attract new business and contribute to the ongoing prosperity of the region.

With the combination of two revitalized facilities, Vancouver will also be able to compete for new, larger city-wide events.

The 2010/11 - 2012/13 PavCo Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*, and the BC Reporting Principles. The Plan is consistent with government's strategic priorities and Fiscal Plan. I am accountable for the contents of the Plan, including what has been included in the Plan and how it is reported.

All significant assumptions, policy decisions, events and identified risks, as of January 22, 2010, have been considered in preparing the plan. The performance measures presented are consistent with PavCo's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of PavCo's operating environment, forecast conditions, risk assessment, and past performance.

On behalf of the Board of Directors, I would like to thank the Minister of Tourism, Culture and the Arts for his ongoing support of PavCo, and I would also like to thank management and staff for their commitment to PavCo and their contribution towards the success of the organization.

Dave Podmore

David Podmore
Board Chair

Organizational Overview

B.C. Pavilion Corporation was formed under the *British Columbia Business Corporations Act*, and acts as an agent for the government under the *British Columbia Enterprise Corporations Act.*

B.C. Pavilion Corporation registered PavCo as a business name under the *Partnership Act (British Columbia)* on September 23, 1999.

PavCo has developed a reputation for excellence in the marketing and management of public facilities. Its facilities are operated to realize maximum economic benefit while optimizing financial performance. PavCo owns and operates BC Place Stadium (BC Place) and the expansion to the Vancouver Convention Centre (Convention Centre). PavCo operates the east building of the Convention Centre under a lease with Canada Place Corporation, a Federal Crown Corporation. PavCo's corporate office, BC Place, and the Vancouver Convention Centre are all located in downtown Vancouver.

PavCo's mandate is to generate economic and community benefit for the people of British Columbia through prudent management of public facilities.

Through its activities, PavCo contributes to the growth of the tourism industry, as many out-of-town clients travel throughout British Columbia after attending events at its facilities. The newly expanded Convention Centre is the provincial flagship for conventions and leads initiatives to generate convention business throughout the Province. BC Place is the largest indoor gathering place in British Columbia and provides support to industry as a venue for trade and consumer shows, as well as being a major sports and entertainment centre.

Principal stakeholders of PavCo include the Provincial Government; the Government of Canada and Tourism Vancouver as contributing partners to the expanded Convention Centre; businesses and associations representing the tourism and hospitality industry; clients leasing space for commercial activity and renting space for events; suppliers of goods and services to events; and the general public who attend events.

Shareholder Direction

PavCo's sole Shareholder is the Province of British Columbia. The most recent *Shareholder's Letter of Expectations*, which outlines the respective roles and responsibilities of PavCo and the Shareholder to achieve the corporate mandate, includes specific Directives and Actions as follows:

Directive	Action Response
Report back on the Corporation's sales and marketing program for the expanded Vancouver Convention Centre, including performance measures and targets to monitor the success of the program and that support the tripling of non-resident delegate days by 2015.	Implementation of the enhanced sales and marketing plan is over 50% complete, and PavCo is continuing to work with its industry partners on direct marketing campaigns and enhancing representation of the organization in new and emerging markets. Progress updates against the performance targets are provided to the Ministry on a quarterly basis.
Take the lead on marketing the Vancouver Convention Centre to the international marketplace, and act as a resource in the development strategy and marketing initiatives for regional British Columbia conference centres.	PavCo is working cooperatively with tourism and hospitality industry representatives to ensure marketing activity and representation is in key international markets. PavCo will work with British Columbia's regional conference centres to implement a program that will assist leverage on the Convention Centre's marketing activities, in order to drive business throughout the Province.
Seek input from the BC Olympic Games Secretariat on co-marketing opportunities that leverage their activities leading up to and after the 2010 Olympic and Paralympic Games.	PavCo will continue working to develop opportunities that arise prior to, and beyond the Olympic Games.
Complete the BC Place Roof Replacement project by Fall 2011 and within or below the approved capital budget, and report out quarterly to the Shareholder on progress of achieving construction milestones (cost, scope, schedule) and details of project benefits.	PavCo has awarded a stipulated price agreement for the construction of the BC Place roof replacement. Construction will commence in April 2010 and PavCo will manage schedule, budget and quality objectives through continuous and rigorous monitoring of progress towards achievement of construction milestones. PavCo will report to the Shareholder on progress and project benefits on a quarterly basis.
Continue to explore options and maximize private sector revenue for the public facilities owned/managed by the Corporation, and minimize reliance on government funding.	PavCo is seeking revenue opportunities for BC Place based on timing for the completion of installation of a retractable roof in Fall 2011. PavCo will pursue new business and revenue generating opportunities for BC Place and the Convention Centre, and will work with tourism partners to assist driving new revenue into British Columbia. PavCo is seeking proposals for the development of BC Place lands in order to achieve the highest, long-term return to the Shareholder.
Comply with the shareholders requirement to make the public sector carbon neutral by 2010.	The Expansion of the convention centre is built to LEEDS gold standards. Renovations to BC Place are to the highest environmental standards. Carbon emissions from use of the corporate facilities are being determined, and energy saving projects implemented to achieve future carbon neutrality.

The complete version of the *Shareholder's Letter of Expectations* can be found on our website at www.bcpavco.com/pdf/expect.pdf

PavCo's Operating Segments

Corporate Services

PavCo operates a Corporate Services division which is led by the Chief Executive Officer (CEO), and manages PavCo's corporate structure and stakeholder reporting. The CEO directs the management teams at BC Place and the Convention Centre. Business loads at PavCo's facilities vary during the year due to scheduling of events, so where practical, and in instances when delivery of services can be carried out more efficiently, services are contracted to third party suppliers.

Vancouver Convention Centre (Convention Centre)

The Convention Centre is strategically located on Vancouver's waterfront and is accessible to all of Vancouver's major visitor amenities in the downtown core. It is British Columbia's premier meeting and convention facility and its reputation for a constant commitment to service excellence has culminated in the Convention Centre being awarded the distinction of "World's Best Convention Centre" by the International Association of Congress Centres (AIPC) for 2008 and 2002 – the only facility to ever be awarded this honour twice!

The Convention Centre is able to host multiple, simultaneous events as well as large single events with upwards of 10,000 delegates. In February 2010, the newly expanded Convention Centre was showcased as it participated in the 2010 Olympic and Paralympic Winter Games by hosting the Broadcast and Media Centre for the Games.

The Convention Centre is engaged in an extensive marketing campaign designed to optimize the facility's utilization. PavCo is committed to tripling the number of non-resident delegate days at the Convention Centre by 2015.

Meeting planners book major non-resident conventions up to ten years in advance of the events taking place, and the process of securing major conventions is extremely competitive, as the host city and province gain significant benefit through spending by convention organizers and delegates at and after the events.

Bookings of the expanded Convention Centre exceed targets through 2012 and an aggressive marketing and sales and campaign continues, so as to secure new business from 2013 onwards. The program includes the following actions to increase attendance:

- Increasing the profile of the Convention Centre brand in the international marketplace
- Enhancing the Convention Centre product so as to make it stand out against its competitors
- Investigating the production of new home grown shows for the facility
- Cooperatively marketing Vancouver with its tourism partners, and supporting BC's regional conference centres in their development
- Supporting pre- and post- event activity for event attendees, to benefit the region's tourism markets
- Increasing market representation in key areas

Further information on the Convention Centre may be found on its website
www.vancouverconventioncentre.com

PavCo's Operating Segments (cont.)

BC Place

BC Place opened its doors in 1983 and for 26 years, has successfully provided British Columbia with the largest public gathering and meeting space in the province. The facility provides seating for 60,000 and 247,000 square feet in exhibition space and claimed title as the world's largest air-supported domed stadium. The facility hosts a variety of banquets and community events, annual trade and consumer shows, and is a venue for professional sports and other entertainment and special events.

PavCo recently completed the first phase of its revitalization of BC Place by providing structural upgrades and interior improvements that not only extend the life of the building, but bring it up to standards expected by all users. Phase 2 of the revitalization commences in April 2010 and entails the replacement of the air-supported roof with a retractable roof. The new roof will facilitate the addition of many new spectator events, and will provide an intimate venue ideal for assisting the launch of Vancouver's Major League Soccer team in 2011.

A side benefit of these enhancements to BC Place is that the City will have a fully functional emergency shelter.

In order to accommodate the roof replacement, BC Place will close for operations and PavCo has worked hard to accommodate certain events at BC Place and assisted in relocating others. The B.C. Lions will relocate their 2010 season to a temporary facility being constructed at the previous Empire Stadium grounds located within the Pacific National Exhibition site.

The revitalization program is further defined in the Capital Plan and Major Projects section of this Service Plan.

BC Place played a prominent role in the 2010 Olympic Winter Games by hosting the opening and closing ceremonies, nightly award presentations and cultural events for the duration of the Games, as well as hosting the Opening Ceremonies for the 2010 Paralympic Games.

Further information on BC Place may be found on its website www.bcplace.com.

Corporate Governance

PavCo reports to the Minister of Tourism, Culture and the Arts and is governed by an independent eleven-member Board of Directors appointed by the Shareholder.

The Board of Directors provides leadership and direction to the Corporation in a manner consistent with the policies and directives of the Government of British Columbia as outlined in the annual *Shareholder's Letter of Expectations.* PavCo's Board of Directors acts in accordance with the *Best Practice Guidelines - Governance and Disclosure Guidelines for Governing Boards of BC Public Sector Organizations* (2005) published by the Board Resourcing and Development Office and can be found at www.fin.gov.bc.ca/brdo/governance/corporateguidelines.pdf.

PavCo's Board members and standing committees are as follows:

Board/Committee	Members		Board/Committee Role
Board of Directors	Chair: Directors:	David Podmore Mark Andrew Derek Brindle Peter Brown Bob Bryant Susan Gomez John Horning Daniel Jarvis Miriam Kresivo Terry Lyons Grant Ritchie	Ensure the Board and management operate in good faith, in compliance with regulatory and legal requirements, and to the highest ethical and moral standards. Individual biographies of the Board Chair and Directors are found at www.bcpavco.com/team.html
Audit	Chair: Members:	Terry Lyons Dan Jarvis John Horning	Oversee the financial reporting process. Review financial statements, audit plans, reports, and controls with Auditors.
Construction	Chair: Members:	David Podmore Derek Brindle Peter Brown Terry Lyons Grant Ritchie	Monitor the construction process, the transition to the operational phase, and integration of the Vancouver Convention Centre and its expansion. Oversee the planning and implementation process for refurbishment and upgrades to BC Place.
Corporate Governance	Chair: Members:	Miriam Kresivo John Horning Terry Lyons	Monitor governance, Board effectiveness, staffing, compensation issues, and the implementation of all structural changes to the organization.
Finance	Chair: Members:	Peter Brown Mark Andrew Miriam Kresivo	Monitor financial policies, reporting, conflicts of interest, financial budgets, forecasts, risk management, and other related matters.
Marketing & Communications	Chair: Members:	Bob Bryant Mark Andrew Susan Gomez Daniel Jarvis	Monitor and advise on effective external communications policies and protocol for the organization. Provide overall direction and development of the sales and marketing process for the organization.

The Board of Directors has a meeting schedule, prepared in advance of each year, and the Committees meet as needed. All Committees review and develop policy in their specified areas and make recommendations to the Board.

PavCo has published a comprehensive charter of Board activities (outlined in the document *Board Governance Guidelines),* as well as several terms of reference and policies in accordance with the Province's Board Resourcing and Development Office's *Best Practices Guidelines.* These can be found on PavCo's website at www.bcpavco.com/resources.html.

The Executive Teams

PavCo is led by a team of executives and management with extensive experience in their respective areas of business:

Corporate Office

• Warren Buckley	President and Chief Executive Officer(1)
• John Harding	Chief Financial Officer and Corporate Secretary(1)
• Krista Freeman, BA, CGA	Director of Finance(1)

Vancouver Convention Centre

• Ken Cretney	General Manager(1)
• David Heidt, CA	Vice-President, Business Administration
• Claire Smith, CMP	Vice-President, Sales and Marketing
• Catherine Wong, CMP	Vice-President, Operations

BC Place Stadium

• Howard Crosley	General Manager(1)
• Brian Griffin	Director, Construction
• Graham Ramsay	Director, Business Development
• Harvey Repp	Director, Operations
• Bob Starkey	Director, Business Administration

(1) Corporation Officers

Strategic Context

Key Strategic Issues

Optimizing Occupancy at the Facilities

Situation

The Convention Centre operates in a highly competitive, private sector driven business with international service standards. It must be competitive in terms of international expectations and be sensitive to the evolving dynamics of the industry.

Major growth in convention centre capacity, particularly in the US, has created a buyer's market where many centres are increasingly using financial incentives and subsidies in order to secure major conventions.

BC Place will be undergoing major roof renovations resulting in the closure of the facility during the construction period. Events typically booked at the stadium will be relocated where possible.

Discussion

The Convention Centre has achieved a well-balanced mix of business from regional, national, US, and international markets, which has stabilized its operation through the economic and security-related disruptions of the past few years. The newly expanded Convention Centre is able to attract larger events which otherwise would have been turned away due to previous space limitations.

Management is actively engaged in the development of a variety of initiatives and programs which will align with and support the Convention Centre's service excellence focus and which are appropriate to the demands of the expanded facility and the new business levels expected.

Relocating events from BC Place to other venues is difficult given the size of the stadium and the events it hosts. The Vancouver Convention Centre is a suitable alternative for some events, however, coordination with other bookings in the facility remains challenging. Sporting events will require relocation to alternative venues.

Action

PavCo is committed to maximizing the number of non-resident delegates and exhibitors booked at events, as they generate the highest economic returns for British Columbia.

PavCo has implemented an aggressive sales and marketing plan, and by partnering with a number of industry and facility organizations, including British Columbia's regional conference centres, will enhance overall provincial business opportunities and share the anticipated business growth arising from expansion with the other regions in the province.

PavCo has relocated some events from BC Place during the construction closure period and continues to provide support to minimize disruption and ensure events return to the stadium post roof construction.

A new marketing plan for BC Place showcasing the renovations and new roof is progressing in order to reflect the stadium as an essentially brand new facility to draw additional regional and international interest. The retractable roof creates the ability to attract a significant number of additional event days each year, including higher margin events such as festivals and concerts.

Key Strategic Issues (cont.)

BC Place Revitalization

Situation

BC Place serves not only as an economic engine to expand business opportunities for British Columbia but also as a venue for drawing communities together through amateur sports, festivals, multicultural events, and other community-based activities. Located on 13.5 acres in downtown Vancouver, it is ideally situated to attract its core business. BC Place is one of British Columbia's largest trade and consumer show venues and remains the only one capable of hosting the province's largest and most successful shows and special events. BC Place averages over 200 event days a year, hosting a variety of trade and consumer shows, sporting and entertainment events.

The stadium will continue to undergo extensive renovations to not only meet expectations of the marketplace but to increase the current utilization of the site as a result of rising land values, and match the revitalization and development of adjacent properties and neighbouring areas.

Discussion

Most of the profitable business is from regional markets rather than from out-of-province attendees. As a result, economic benefits generated by BC Place to British Columbia are lower than for the Convention Centre. Major trade and consumer shows all require spring and fall dates, leaving limited availability for new shows or for existing shows to move dates. BC Place needs to attract new events in off-peak periods to diversify the mix of revenue sources, and maximize revenue opportunities from traditional and non-traditional sources.

In addition to Major League Soccer (MLS) coming to BC Place in 2011, other sports and live entertainment categories also show potential for growth. At many other large sporting venues in North America, shifting game schedules prevent the hosting of other more profitable events. Future sporting events for BC Place that take place during the spring consumer show season will be scheduled to enable the facility to maximize its revenues from these shows.

There are significant development opportunities for the lands surrounding BC Place with contemplated uses including hotel, retail, office, commercial and residential construction.

Action

BC Place continues its major revitalization plan with the installation of a new retractable roof, and will close for business from spring 2010 through summer 2011. The stadium will become a cornerstone of an exciting entertainment district unfolding on the north shore of False Creek and the surrounding area, which will include GM Place, theatres, restaurants and other commercial developments.

During the facility closure, the BC Lions will be relocated to a temporary stadium at the grounds of the former Empire Stadium at the PNE in Vancouver, and the MLS Vancouver franchise will begin their 2011 season in the temporary venue.

PavCo will seek other revenue opportunities for BC Place including Naming Title Rights and will continue pursuing adjacent land development opportunities to generate much greater economic and community benefits for the revitalized area and the Province.

PavCo will continue to maximize revenues by hosting higher margin events when scheduling permits.

Key Strategic Issues (cont.)

PavCo Operations and the Global Economy

Situation

Changes in business cycles in local, national, and world economies can have a significant impact on operations and economic benefits generated by PavCo's operating facilities.

Many new convention centres have been built or are currently under construction in North America over the past few years, resulting in increased competition to attract new business.

A more competitive environment has created booking challenges for the Convention Centre. Increased global awareness for sustainability initiatives and environmental impacts is now becoming a factor in attracting and retaining business.

Discussion

Attendance from non-resident delegates and exhibitors at conventions generates the majority of economic benefits and profitability for the Convention Centre. Most major conventions are booked several years in advance so changes in bookings resulting from global economic fluctuations can impact business for several years. The Convention Centre also relies on regional and corporate events booked at shorter notice in the remaining available space to maximize occupancy. These infill events are profitable, but generate lower overall economic benefits than conventions and trade shows.

There is a strong positive synergy between the activities of the Convention Centre and the overall economic development objectives of the Province. Benefits arise not only from direct economic impact but also from enhanced business and professional development opportunities.

At BC Place, most of the profitable business is from regional markets rather than from out-of-province attendees and attendance at trade and consumer shows can fluctuate as a result of local economic cycles. As a result, economic benefits generated by BC Place to British Columbia are lower than for the Convention Centre. Major trade and consumer shows all require spring and fall dates, leaving limited availability for new shows or for existing shows to move dates. BC Place needs to attract new events in off-peak periods to diversify the mix of revenue sources, and maximize revenue opportunities from traditional and non-traditional sources.
For sporting events, changes in attendance and revenues is impacted by the success of the sports teams as well as the discretionary spending of fans.

Action

PavCo's facilities manage these natural business cycles by attracting a diverse mix of markets and event types as well as by continually developing new markets.

An enhanced marketing program for the expanded Convention Centre is underway, with the objective of tripling non-resident attendance by 2015. The Convention Centre expansion includes a living 'green' roof and in-house blackwater treatment facility, and the Convention Centre's environmental policy includes a large recycling program, the utilization of fresh, local products, and an emphasis on energy conservation.

Improvements to BC Place will bring the facility up to clients' expectations and attract new business. The stadium renovations and installation of a retractable roof will offer greater flexibility in event layouts, extended operating seasons, enhanced acoustic and temperature control capabilities and will be a much more attractive, all season venue for historical forms of business while also competing for higher margin arts, culture and sporting events.

Key Strategic Issues (cont.)

PavCo is minimizing the carbon footprint of BC Place with the conversion to a less energy-intensive roof system. The construction cost of a new stadium could have easily reached the billion dollar mark and impacted the environment by using a tremendous amount of resources and energy for demolition, disposal and reconstruction.

Staffing - Recruitment and Retention

Situation

Workers at PavCo's facilities include full time exempt and union staff, part time union event staff, and outside suppliers' event staff.

BC Place will be closed during the construction period for the retractable roof installation, and management is committed to minimizing the impact that the closure will have on staffing requirements.

Discussion

With a fluctuating event schedule at BC Place, there are periods of very high demand for staff followed by periods of low activity. As a result, a large portion of employees recruited each year move to other new opportunities once they arise. Also, with the installation of the new retractable roof at BC Place, the facility will be out of normal operating use for an extended period, further depleting the staff complement.

Outside suppliers are challenged to retain qualified staff due to competition from other employers and competitive pay rates elsewhere.

Action

The new retractable roof at BC Place will offer a contemporary, technological and green look and feel which adds to the progressive, dynamic image that the Province wishes to project in order to attract new, younger skilled workers, required to continue fueling economic growth as the baby boomer generation retires.

During the roof construction period, PavCo is endeavoring to utilize certain facility workers to complement the specialized construction staffing requirements.

PavCo is developing an innovative recruitment plan to attract and retain full and part time workers to its facilities. The Corporation will continue to review staffing positions to ensure pay scales are competitive and adhere to Public Sector Employers' Council (PSEC) guidelines.

Training programs for existing staff will support their movement through the organization.

PavCo will increase its efforts to recruit qualified persons to fill vacant positions. This will be through colleges and institutions that offer hospitality and tourism programs, recruitment at job fairs, and through targeted advertising programs. Mandatory retirement at 65 has now been discontinued, and many persons are willing to work past that age. The recruitment of staff from non-traditional sources will ease some of the difficulties of filling vacant positions.

Goals, Key Strategies, Performance Measures and Targets

Strategic Goals

PavCo has the following strategic goals:

- Maximize revenues and economic growth and use funding in a manner that provides optimum return to the Shareholder
- Maintain and increase client services and satisfaction
- Maintain and improve the facilities under our management
- Increase innovation, learning and growth

The performance measures used to evaluate PavCo's strategic goals (by facility) are both similar and vary in nature and reflect the different types of business generated by each facility as shown in the following summary table.

	Goal	Strategies	Measures	Applicable Facility	
				Convention Centre	BC Place
1	Maximize Revenues and Economic Growth	Improve Shareholder Investment Return	(1) Economic Benefits Generated	√	√
			(2) Non Resident Delegate Days	√	
			(3) Total Attendance		√
2	Maintain and Increase Client Services and Satisfaction	Provide High Service Levels and Promote PavCo Facilities as Preferred Venues	(1) Service Quality Levels	√	√
			(2) Existing Business Retention		√
3	Maintain and Improve PavCo Facilities	Implement Repair and Maintenance Plans and Effectively Manage Capital Improvement Programs	(1) Achieve Capital Work Milestones	√	√
4	Increase Innovation, Learning and Growth	Support Employee Development and Implement Contemporary Compensation System	(1) Employee Retention		√

Strategic Goals (cont.)

GOAL 1

Maximize Revenues and Economic Growth and Use Funding in a manner that provides Optimum Return to the Shareholder

We strive to achieve our mandate, which is to generate economic and community benefit for the people of British Columbia, through the prudent management of public facilities. The events held at our facilities support British Columbia's business and leisure tourism industry, as well as its trade development infrastructure. Our clients and guests from out-of-Province fill hotel rooms, patronize provincial businesses, and conduct pre-and post-event activities throughout the Province.

PavCo also strives to meet its financial targets each year to ensure financial sustainability and to minimize its reliance on Shareholder funding. Client expectations and competition from other venues is causing downward pressure on revenues, while facility operations and external challenges are creating an upward pressure on costs.

It is important for PavCo to maximize private sector revenue and to use the funding provided in the areas most likely to generate long-term economic benefits to British Columbia and profitability to the organization.

Key Strategies

Improve the return to the Shareholder on its investment in PavCo's facilities, primarily through:

- creating a compelling vision and model for marketing the newly expanded Convention Centre;
- seeking events from out-of-Province which will generate the maximum amount of economic benefits to our community;
- seeking and creating high-profile events that will promote growth and support for British Columbia's business base;
- pursuing global markets for long-term growth;
- diversifying markets to stabilize long term business;
- repositioning our facilities as being more flexible to users; and
- increasing operational efficiencies.

Performance Measures and Targets

Compare Economic Benefits Generated - Economic impacts are calculated based on surveyed or estimated expenditures by organizers and visitors at events in our facilities, subsequent spending in the Province following the event, and the multiplier effect through the economy of such spending. Projections for Fiscal 2010 and subsequent years have been prepared by PavCo management based on anticipated attendance and activity at the facilities.

Strategic Goals (cont.)

Compare Economic Benefits Generated

Economic Impact from out-of-Province Visitors (in $millions)

Performance Measure	Actual 2008/09	Forecast 2009/10[2]	2010/11	Targets 2011/12	2012/13
Convention Centre Economic output [1]	$ 192	$ 211	$ 699	$ 823	$648
BC Place out of Province spending	$ 24	$ 18	$ 0 [3]	$ 26	$37

[1] The Convention Centre Economic output in Fiscal 2011 will increase with a full year of operations at the expanded Convention Centre.
[2] Targets for benefits generated from activity at BC Place and the Convention Centre in Fiscal 2010 do not include those related to activities at the 2010 Olympic and Paralympic Winter Games as those are accounted for elsewhere by Government.
[3] There will be no direct economic impact generated through BC Place operations in Fiscal 2011 as the facility will be closed for roof replacement.

Economic Impact From all Spending from Events at BC Place (in $millions)

Performance Measure	Actual 2008/09	Forecast 2009/10[1]	2010/11[2]	Targets 2011/12	2012/13
BC Place from all spending	$ 63	$ 47	$ 0	$ 72	$104

[1] Benefits generated from activity in Fiscal 2010 do not include those related to activities at the 2010 Olympic and Paralympic Winter Games as those are accounted for elsewhere by Government.
[2] There will be no direct economic impact generated through BC Place operations in Fiscal 2011 as the facility will be closed for roof replacement.

Gross Domestic Product from Events at Vancouver Convention Centre (in $millions)

Performance Measure	Actual 2008/09	Forecast 2009/10[1]	2010/11	Targets 2011/12	2012/13
Convention Centre Gross domestic product	$ 65	$ 72	$ 216	$ 240	$220

[1] Benefits generated from activity in Fiscal 2010 do not include those related to activities at the 2010 Olympic and Paralympic Winter Games as those are accounted for elsewhere by Government.

Increased non-resident delegate days at the Convention Centre - As the economic benefit generated by non-resident delegates represents 'new' money coming into the BC economy, this is the first priority and primary performance indicator for the Convention Centre. Non-resident delegate days (NRDD's) are the combination of non-resident delegate numbers and the days they spend at events hosted at the Convention Centre.

Strategic Goals (cont.)

Increased Attendance at BC Place - Increased attendance levels at BC Place drives higher sales of stadium services, including food and beverage sales. As the number of patrons and events increase, the facility becomes more attractive to corporate sponsors to purchase interior signage and exclusive supply rights.

NRDD's at the Convention Centre and BC Place Attendance

Performance Measure	Actual 2008/09	Forecast 2009/10[1]	Targets 2010/11	2011/12	2012/13
Convention Centre – Non Resident Delegate Days	126,799	129,000	452,000	522,000	400,000
BC Place – Attendance [2]	943,000	1,108,000	0	968,000	1,453,000

[1] Attendance numbers for Fiscal 2010 do not include Media for the 2010 Olympic and Paralympic Winter Games, which have occupied the Convention Centre expansion from September 2009 to March 2010, and the Convention Centre existing facility from November 2009 to March 2010.

[2] During Fiscal 2010, some regularly schedule events at BC Place have been displaced due to VANOC's occupancy for the 2010 Olympic and Paralympic Winter Games. Attendance projected for Fiscal 2010 includes 2010 Olympic and Paralympic Winter Games events. In Fiscal 2011, all there will be no events due to the roof replacement. There will be a partial closure during Fiscal 2012 for completion of the roof replacement.

GOAL 2

Maintain and Increase Client Services and Satisfaction

By increasing satisfaction of our customers, PavCo's reputation as an organization capable of attracting and producing world-class events will drive future attendance levels. This will further enable us to achieve our primary goal of maximizing economic and community benefits in British Columbia. Many of our guests from out-of-province spend extra time in the province post-event, and often return with their families as tourists at a later date.

Key Strategies

- Continue to provide a high level of service to support retaining our customers;
- Work with our industry partners to attract guests who will bring the greatest amount of benefits to local and Provincial economies; and
- Promote our facilities as the preferred venues for client target markets.

Strategic Goals (cont.)

Performance Measures and Targets

Service Quality Survey Scores - Quality Surveys with clients and guests are conducted at our facilities to determine their expectations and satisfaction levels. We will improve service levels where possible. The event business is very competitive and client satisfaction is critical. Negative experiences can lead to clients failing to return or not recommending our facilities to other potential clients.

Percentage Retention of Existing Business - At BC Place, most of our business is from repeat clients who return on a regular basis. We strive to retain our core business. It is very costly to attract new events and also disruptive to shows if event schedules are changed. We will improve our service levels wherever possible in order to retain our clients.

Service Quality and Business Retention

Performance Measure	Actual 2008/09	Forecast 2009/10	Targets 2010/11	2011/12	2012/13
Service Quality:					
Convention Centre [1]	90%	75%	90%	90%	90%
BC Place [2]	78%	85%	N/A	85%	85%
Existing Business Retention:					
BC Place [3]	81%	48%	N/A	N/A	95%

[1] Service quality scores at the Convention Centre will decline through Fiscal 2010 as a result of noise and disruption from the associated completion of the renovations to the existing facility. In addition, localized construction around the Convention Centre continues to impact guest satisfaction. Staff are committed to provide continuing high levels of service through this transition period.

[2] BC Place will be closed for all of Fiscal 2011, so service quality cannot be measured for that year.

[3] Some major events have been displaced in Fiscal 2010 as a result of the 2010 Olympic and Paralympic Winter Games, and have been cancelled. All events will be displaced or cancelled in Fiscal 2011 due to closure for roof replacement. Measurement of business retention will resume in Fiscal 2013.

GOAL 3

Maintain and Improve the Facilities under our Management

PavCo is striving to provide significant public amenities that surpass market expectations and standards.

We will maintain and improve our facilities to the best standard possible within our means in order to attract new clients. We are developing repair and improvement plans at our facilities, and also look for ways to enhance some of our services. Capital upgrades to our properties will make us more competitive with other facilities and should result in an increase in overall occupancy and profitability.

The refurbishment of BC Place is underway to bring the facility to acceptable standards for clients and guests. Construction related to the installation of the retractable roof will commence in April 2010.

Strategic Goals (cont.)

Key Strategy

- Implement repair and maintenance plans to improve the facilities under our management; and
- Effectively manage facility capital improvement programs.

Performance Measure and Targets

Achieving Major Capital Work Milestones – Final renovations to the existing Convention Centre will be completed in fiscal 2011. The BC Place revitalization program is underway; Phase 1 improvements are complete and Phase 2 improvements continue and include construction of the retractable roof commencing spring 2010.

Major Capital Work - Milestones

Performance Measure	Actual 2008/09	Forecast 2009/10	Targets 2010/11	2011/12	2012/13
Convention Centre Expansion:					
Expansion Project	100% Complete	-	-	-	-
Connector	100% Complete	-	-	-	-
Renovations to existing facility [1]	20% Complete	90% Complete	100% Complete		-
BC Place Revitalization Program:					
Phase 1 Interiors	40% Complete	100% Complete	-	-	-
Phase 1 Structural Upgrades	20% Complete	100% Complete	-	-	-
Major Maintenance	5% Complete	12% Complete	80% Complete	100% Complete	-
FF&E	-	10% Complete	80% Complete	100% Complete	-
Retractable Roof [2]	5% Complete	10% Complete	80% Complete	100% Complete	-

[1] The renovations to the existing Convention Centre were substantially completed prior to the 2010 Olympic and Paralympic Winter Games; some renovation work and finishes have been deferred until after the Games.

[2] Feasibility studies were conducted in 2008 regarding options for replacement of the BC Place roof. Government approval to proceed with a retractable roof was received in October 2009.

GOAL 4
Increase Innovation, Learning, and Growth

We strive to keep our employees' skills at optimum levels so that they can participate in our operations in a professional and meaningful way. The new skills that they acquire through their learning activities will maintain PavCo as a leading organization for innovation and creativity in its industry sector. We will monitor training activity and measure the rate of staff retention.

Key Strategies

- Continue to support staff development in required skill areas, build capacity and motivation to achieve our strategic goals; and
- Implement a performance-contingent compensation system that attracts high performance staff.

Performance Measure and Targets

Employee Involvement – Our facilities are home to many professionally trained and skilled employees, as well as part time event staff. During recent years, and for the next two fiscal years, construction activity at our facilities will result in temporary closures and disruption of event schedules. During these times it is critical to retain as many staff as possible, as the cost of recruiting is considerable. Our highest incidence of turnover is at BC Place as the result of the cyclical nature of our events.

Employee Retention

Performance Measure	Actual 2008/09	Forecast 2009/10	2010/11	Targets 2011/12	2012/13
BC Place	91%	80%	N/A[1]	75%	80%

[1] BC Place will be closed for all of Fiscal 2011 due to replacement of the roof. As no public events will be held during the year, it will not be possible to measure retention. Once BC Place re-opens, it will take some time for retention rates to return to historical levels.

Changes to Goals and Performance Measures Since Publication of the September 2009 Service Plan

Goal / Measure September 2009	Revised Goal / Measure	Reason for Change
Goal 1, Measure 1 – Economic impact from out-of-Province visitors	PavCo net cost comparison by year has been deleted	The net cost is more clearly presented in the Summary Financial Outlook section of the Service Plan
Goal 3, Measure 1 – Gross Margin realized on events at BC Place	Measure discontinued	As a result of significant facility closures and major changes in event activity and event types from fiscal periods 2009 to 2012, a comparison of event margins does not provide meaningful data to the reader
Goal 5 – Effectively manage major capital work budgets, scope and schedules	Included with Goal 3 – Maintain and improve the facilities under our management	The two goals, which were included separately following the amalgamation of PavCo and VCCEP in 2008, are more appropriately reported as a single goal

Capital Plan & Major Capital Projects

BC Place

In October 2009, PavCo received approval to proceed with the replacement of the air-supported roof at BC Place with a retractable roof. Detailed design and engineering will continue into fiscal 2011. The construction of the retractable roof will commence in April 2010, following the 2010 Olympic and Paralympic Winter games. The $563 million budget and scope of the BC Place revitalization program consists of the following elements:

Scope	(in $millions) Budget		Status
Phase 1 Interior Renovations		$ 55.0	Completed fiscal 2009/10
Deferred Maintenance [1]		40.0	Commenced fiscal 2009/10
Roof Replacement			
Phase 1 Structural Upgrades	25.0		Completed fiscal 2009/10
Retractable Roof	433.0	458.0	Commenced fiscal 2009/10
FF&E		10.0	Commenced fiscal 2009/10
Total		**$563.0**	

[1] Deferred maintenance consists of major maintenance improvements such as elevator and seismic upgrades, and upgrading life safety and mechanical systems.

For safety measures, BC Place will be closed during construction of the retractable roof. PavCo has worked to assist certain events in relocating during the closure.

Further details of the revitalization project may be found at www.bcplace2011.com/#home.

Vancouver Convention Centre

The expanded Convention Centre opened for business in April 2009. Renovations on the existing convention facility are substantially complete, with any remaining renovation work and finishing on the Expansion Project to occur after the 2010 Olympic and Paralympic Winter Games.

Major Capital Expenditures (in $ millions)

Scope of Work	Actual 2008/09	Forecast 2009/10	2010/11	Targets 2011/12	2012/13
Convention Centre Expansion [1]	$ 242.3	$ 43.4	$ 8.3	$ -	$ -
BC Place Revitalization Program	44.7	86.9	390.2	41.2	-
Total Expenditures	$ 287.0	$ 130.3	$ 398.5	$ 41.2	$ -

[1] The renovations to the existing Convention Centre will be substantially completed prior to the 2010 Olympic and Paralympic Winter Games; some renovation work and finishes will be deferred until after the Games.

Summary Financial Outlook

Financial Forecast

Five-Year Financial Comparison for Operations (in $ millions) - PavCo Consolidated [1]

	Fiscal 2008/09 Actual	Fiscal 2009/10 Forecast [2]	Fiscal 2010/11 Budget	Fiscal 2011/12 Budget	Fiscal 2012/13 Budget
Revenues					
– Sales	32.139	47.318	35.498	53.398	67.062
– Government Contribution [3]					
• Sustaining	9.954	14.730	9.042	11.022	9.142
• Deferred Contributions	2.755	30.220	40.452	35.427	28.520
Total Revenues	44.848	92.268	84.992	99.847	104.724
Expenses					
– Operating costs	41.873	67.519	68.549	71.878	69.389
– Amortization [4]	2.975	31.176	43.849	51.274	45.516
Total Expenses	44.848	98.695	112.398	123.152	114.905
Net Income (deficit) after government subsidy	-	(6.427)	(27.406)	(23.305)	(10.181)
Debt [5]	0.143	40.000	TBD	TBD	TBD
Retained earnings (operating deficiency)	27.813	21.386	(6.020)	(29.325)	(39.506)
Major capital expenditures [6]	286.993	154.065	398.502	41.173	-
Annual sustaining capital work	4.064	2.973	4.232	7.820	7.820

[1] PavCo's financial reporting, including forecast information, was prepared using Generally Accepted Accounting Principles (GAAP).

[2] Fiscal 2009/10 is the first year of operations for the expansion of Vancouver Convention Centre, and includes financial results for the combined facility.

[3] The Government contribution is to cover operations shortfalls and renewal of capital assets. Funding is provided through the Ministry of Tourism, Culture and the Arts.

[4] Amortization will increase in Fiscal 2010, following completion of construction of the Vancouver Convention Centre. It will further increase in Fiscal 2011 and Fiscal 2012 following renovations to BC Place.

[5] Debt requirements for Fiscal 2011 to 2013 are pending a decision on financing for the BC Place roof replacement.

[6] Major capital expenditures include approved capital projects of over $50 million, plus other major capital projects.

Key Assumptions

- The core business units are the expanded Vancouver Convention Centre and BC Place.
- PavCo will work with the Shareholder to determine options for funding future forecast deficits to ensure financial stability.

Financial Forecast (cont.)

- Revenue estimates are based on current bookings and expected pick-up business. These estimates could change if there are world events during the period that impact business travel and tourism. Estimates will be monitored and adapted as conditions change.

Forecast Risks and Sensitivities

- Fluctuations in the value of the Canadian dollar against other currencies could affect the amount of out-of-country business attracted to PavCo's facilities.
- Fuel costs are a major component of facility operating costs. Rising fuel costs and cold winter weather can significantly add to costs during the winter months.
- BC Place will close for all of Fiscal 2011, and for a portion of Fiscal 2012 for replacement of the roof.
- Fiscal 2010 will be the first full year of operations for expanded Vancouver Convention Centre. A partial year closure of the East building is possible pending decision by the landlord to replace the roof. Closure would affect revenues and increase losses. Such losses cannot be quantified until the construction closure schedule is determined.

Operating Segment Summary Information

Vancouver Convention Centre

Five-Year Financial Comparison for Operations (in $ millions)

	Fiscal 2008/09 Actual	Fiscal 2009/10 Forecast	Fiscal 2010/11 Budget [2]	Fiscal 2011/12 Budget	Fiscal 2012/13 Budget
Revenues					
– Sales [1]	17.707	20.240	35.388	36.900	36.636
Expenses					
Operating costs [3]	23.172	41.265	45.061	41.008	41.053
– Amortization	0.558	18.792	20.521	20.997	21.156
Total Expenses	23.730	60.057	65.582	62.005	62.209
Net Income (Deficit) before Government contributions	(6.023)	(39.817)	(30.194)	(25.105)	(25.573)
Major capital expenditures [4]	242.277	43.395	8.300	-	-
Annual sustaining capital work	3.660	2.413	3.712	4.000	4.000

[1] Fiscal 2009/10 is the first year of operations for the Expansion of the Convention Centre. The Convention Centre is the Main Press Centre and International Broadcast Centre for the 2010 Olympic and Paralympic Winter Games.

[2] Fiscal 2010/11 will be the first full year of operations for the enlarged Convention Centre. Revenues could be affected dependant on partial year closure by the landlord for replacement of the roof on the East Building.

[3] Operating costs for the Fiscal years 2008/09 to 2010/11 include amounts for sales and marketing initiatives.

[4] Includes approved capital projects of over $50 million, plus other major capital projects.

BC Place Stadium

Five-Year Financial Comparison for Operations (in $ millions)

	Fiscal 2008/09 Actual	Fiscal 2009/10 Forecast [1]	Fiscal 2010/11 Budget [2]	Fiscal 2011/12 Budget [3]	Fiscal 2012/13 Budget
Revenues					
– Sales	13.247	26.008	0.050	16.478	28.435
Expenses					
– Operating costs	17.375	23.837	21.617	28.938	26.345
– Amortization	2.400	12.351	23.277	30.226	24.327
Total Expenses	19.775	36.188	44.894	59.164	50.672
Net Income (Deficit) before Government contributions	(6.528)	(10.180)	(44.844)	(42.686)	(22.237)
Major capital expenditures [4]	44.716	110.670	390.202	41.173	-
Annual sustaining capital work	0.404	0.450	0.500	3.800	3.800

[1] Revenues and operating expenses for Fiscal 2009/10 are higher than in previous years as a result of BC Place hosting ceremonies for the 2010 Olympic and Paralympic Winter Games.

[2] The facility will be closed for replacement of the roof in Fiscal 2010/11 and is not expected to generate operating revenues.

[3] Fiscal 2011/12 includes partial closure for completion of the roof replacement.

[4] Includes approved capital projects of over $50 million, plus other major capital projects.

Corporate Services

Five-Year Financial Comparison (in $ millions)

	Fiscal 2008/09 Actual	Fiscal 2009/10 Forecast	Fiscal 2010/11 Budget	Fiscal 2011/12 Budget	Fiscal 2012/13 Budget
Revenues	1.185	1.070	0.060 [1]	0.020	1.991
Expenses					
– Operating costs	1.326	2.417	1.871	1.932	1.991
– Amortization	0.017	0.033	0.051	0.051	0.033
Total Expenses	1.343	2.450	1.922	1.983	2.024
Net Income (Deficit) before Government contributions	(0.158)	(1.380)	(1.862)	(1.963)	(0.033)
Annual sustaining capital work	-	**0.110**	**0.020**	**0.020**	**0.020**

[1] Revenues will decrease after Fiscal 2010, with the draw down on cash reserves to fund BC Place upgrades.

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